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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)

Federal-State Joint Board on Universal Service:)
Promoting Deployment and Subscribership)
in Unserved and Underserved Areas, Including)
Tribal and Insular Areas)

CC Docket No. 96-45

COMMENTS OF PUERTO RICO TELEPHONE COMPANY, INC.

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December 17, 1999

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SUMMARY

Puerto Rico Telephone Company, Inc. ("PRTC") agrees that low subscribership in insular areas is an issue that should be squarely addressed by the Commission. In Puerto Rico, the low penetration rate of 74.2 percent is 20.2 percentage points lower than the United States average. This situation results from a variety of factors, including demographics, geography and weather. Specifically, the island of Puerto Rico is characterized by two extremes: highly populated, dense urban areas and sparsely populated rural and mountainous areas. Penetration rates in the sparsely populated rural and mountainous areas of Puerto Rico are much lower than even the island-wide average, a result both of high costs to provide service and the low income of citizens living in the areas.

PRTC has found that providing wireline service to consumers in certain areas of Puerto Rico is difficult and sometimes prohibitively expensive. Providing service to such areas and to Puerto Rico as a whole is complicated by the island's mountainous geography and its location in the "hurricane belt," where hurricanes often severely damage the existing telecommunications infrastructure. In addition, the large number of families below the poverty level has contributed to low subscribership.

Penetration levels must be substantially improved in Puerto Rico if universal service is to be accomplished. One approach is to develop wireless technologies like Basic Exchange Telecommunications Radio Systems ("BETRS") as a means to provide basic service to rural, high cost areas. These types of technologies do not require widespread installation of wireline facilities or infrastructure and can be provided at a fraction of the wireline loop cost. Therefore, PRTC recommends that spectrum be designated for the development of services to promote wireless alternatives to wireline services.

Further, PRTC recommends that the Commission consider the public benefits to be achieved for low income consumers by increasing support to the Lifeline and LinkUp assistance programs. These programs are essential to adding subscribers and then enabling them to maintain service. Finally, PRTC supports the Commission's proposed definition of "insular areas," which includes the island of Puerto Rico.

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Puerto Rico Telephone Company, Inc. ("PRTC"), by its attorneys, hereby submits comments in response to the Further Notice of Proposed Rulemaking¹ in the above-captioned proceeding. The Commission seeks comments in the Further Notice regarding current levels of deployment and subscribership, including the availability and cost of telecommunications service and impediments to increased penetration. PRTC's comments describe some of the unique factors in Puerto Rico that have hindered increased telephone penetration levels. In addition, PRTC's comments address the role and importance of alternatives to wireline technologies and the federal Lifeline and LinkUp programs in providing basic telephone service in Puerto Rico. Finally, PRTC supports the Commission's proposed definition of "insular areas."

I. INTRODUCTION

PRTC is the incumbent provider of wireline telephone service throughout Puerto Rico. Until March 1999, PRTC was wholly-owned by the government of Puerto Rico, through the

¹ Federal-State Joint Board on Universal Service: Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas, CC Docket No. 96-45 Further Notice of Proposed Rulemaking, FCC 99-204 (rel. Sept. 3, 1999) ("Further Notice of Proposed Rulemaking" or "Further Notice").

Puerto Rico Telephone Authority (“PRTA”). After an investment by GTE Corporation, PRTA continues to hold 43 percent of PRTC’s shares. Both before and after that time, PRTC has been an active participant in the Commission’s proceedings to address universal telecommunications service.²

PRTC has strived to achieve universal service in Puerto Rico for over 25 years and is familiar with the impediments to universal service, including high costs and issues related to affordability of service. In this regard, PRTC urges the Commission to encourage the development of alternatives to wireline service that are suitable for providing basic services to high cost areas. In addition, the available federal Lifeline and LinkUp programs should be expanded so that low income households have every opportunity to acquire and keep basic telephone services.

II. CURRENT LEVELS OF DEPLOYMENT AND SUBSCRIBERSHIP (Further Notice at ¶¶ 11-31)

The Commission seeks to gain a better understanding of the characteristics of unserved and underserved areas through this proceeding and requests detailed information on penetration rates in high-cost, insular, and any other underserved areas.³ Further, the Commission seeks

² See, e.g. Comments of Puerto Rico Telephone Company, Federal-State Joint Board on Universal Service, CC Docket No. 96-45 (Dec. 19, 1996); Reply Comments of Puerto Rico Telephone Company, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, (Jan. 10, 1997); Petition for Reconsideration, Federal-State Joint Board on Universal Service, CC Docket No. 96-45 (July 17, 1997), Comments of Puerto Rico Telephone Company, Federal-State Joint Board on Universal Service, Forward Looking Mechanism for High Cost Support for Non-Rural LECs, CC Docket Nos. 96-45 & 97-160, DA 98-715 – USF Proposal (May 15, 1998); Reply Comments of Puerto Rico Telephone Company, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, DA 98-2410 (Jan. 13, 1999).

³ Further Notice at ¶¶ 11-13.

additional information about these areas regarding population density.⁴ The following comments describe the penetration rates and population densities throughout Puerto Rico.

The average telephone subscribership rate in the United States is 94.4 percent.⁵ Penetration rates in Puerto Rico lag substantially behind this national average, with an island-wide subscribership rate of only 74.2 percent.⁶ Thus, the average level of penetration in Puerto Rico is more than 20 percentage points lower than the penetration level in the United States. This disparity is unacceptable.

Puerto Rico's average penetration level may be further analyzed by considering individually its "municipios" because the telephone subscription levels vary to some degree across the island.⁷ In the Isla Verde municipio, for example, the penetration level is 87 percent. This comparatively higher rate corresponds with the fact that San Juan is the business center of Puerto Rico, where one-third of its population resides.⁸ By comparison, the penetration rate in less populated and less economically active areas of Puerto Rico is much lower. For example, 48 percent of households lack a telephone in the municipio of Guánica, located in the south west.⁹

⁴ Id. at ¶ 13.

⁵ Telephone Subscribership in the United States (data through July 1999), Federal Communications Commission, Common Carrier Bureau, Industry Analysis Division, at 5, Table 1 ("Household Telephone Subscribership in the United States") (rel. Oct. 1999).

⁶ Percentage of Households That are not Subscribers, September 1999, Attachment 1. Attachment 1 shows specifically that 25.8 percent of households are not subscribers.

⁷ Municipios are political, geographic areas, similar to counties in the mainland United States.

⁸ <http://www.puertorico.com/facts/population.html>.

⁹ Percentage of Households That are not Subscribers, September 1999, Attachment 1.

In Aguirre, located farther east, 49 percent of households are without a telephone.¹⁰ Further, in the municipios of Peñuelas and Salinas, which are also in the vicinity of Guánica and Aguirre, more than 40 percent of households lack a telephone.¹¹ In addition, in the municipal of Comerio, located roughly in the center of Puerto Rico, 44 percent of households do not have service.¹² It bears reiterating, however, that low penetration rates remain an island-wide problem.

III. IMPEDIMENTS TO INCREASED PENETRATION LEVELS (Further Notice at ¶¶ 20-31)

Low penetration rates in Puerto Rico are caused by a variety of factors, including demographics, geography, climate, and poverty. For example, many municipios with generally low population density levels report penetration rates that not only are lower than the national average, but also are below the average penetration rate in Puerto Rico. Further, the landscape in Puerto Rico is dominated by rough mountainous terrain that is sparsely populated, making the provision of basic telecommunications services difficult and, in some cases, prohibitively expensive. Finally, Puerto Rico's location in the "hurricane belt" and its poverty levels further impede the development of a basic telecommunications infrastructure for much of the island.

A. Demographic Factors (Further Notice at ¶ 22)

Puerto Rico is characterized by three dense urban areas (San Juan, Mayaguez and Ponce), with the remainder of the population dispersed in rural areas with low population and low density. For example, municipios with high population densities also have high penetration

¹⁰ Id.

¹¹ Id.

¹² Id.

rates, like Guaynabo¹³ and Trujillo Alto.¹⁴ By comparison, other municipios with much lower population densities tend to report also much lower penetration rates. For example, population density levels and penetration rates are among the lowest in the municipios of Las Marias and Naguabo. In Las Marias, the population density is 77.6 people per square kilometer and the penetration rate is 56 percent. In Naguabo, the population density is 168.9 people per square kilometer and the penetration rate is 58 percent. Representative penetration rates in high and low density municipios are identified in the following table:

¹³ Guaynabo has a density of 1,323.2 people per square kilometer and a penetration rate of 97 percent. 1990 Census Table 13 at 183; Percentage of Households That are not Subscribers, September 1999, Attachment 1.

¹⁴ Trujillo Alto has a density of 1,136.1 people per square kilometer and a penetration rate of 90 percent. 1990 Census Table 13 at 183; Percentage of Households That are not Subscribers, September 1999, Attachment 1.

<u>Municipio</u>	<u>Population Density</u> ¹⁵	<u>Penetration Rate</u> ¹⁶
Guaynabo	1,323.2	97%
Trujillo Alto	1,136.1	90%
Gurabo	398.6	67%
Barranquitas	289	67%
Comerio	275.7	56%
Maunabo	226.6	60%
Guánica	208	52%
Lares	182.3	64%
Naguabo	168.9	58%
Jayuya	134.4	63%
Orocovis	128.6	67%
Utuado	119.1	62%
Adjuntas	112.6	62%
Ciales	104.8	60%
Las Marias	77.6	56%

In sum, the figures in the above table show that penetration levels in Puerto Rico's municipios tend to be significantly lower where population density is also low. Further, this information demonstrates that a cost-effective solution to meet the telecommunications needs of consumers in Puerto Rico, especially in low density, rural areas outside San Juan, is greatly needed.

B. Geographic Factors (Further Notice at ¶ 23)

Certain geographic factors of Puerto Rico make the provision of basic telephone service more difficult and expensive. Puerto Rico measures 100 miles long and 35 miles wide,¹⁷ and is

¹⁵ "Density" in this column measures the number of persons per square kilometer. 1990 Census Table 13 at 183.

¹⁶ The "penetration rate" in this column refers to the percentage of households that were subscribers as of September 1999, Attachment 1.

characterized by a mountainous interior, with elevations reaching approximately 4,400 feet in height.¹⁸ The mountainous interior is formed by the central mountain chain, the Cordillera Central, which includes many municipios with low population densities and correspondingly low penetration levels. For example, the following municipios with low telephone penetration levels are located in the Cordillera Central: Barranquitas (67%), Orocovis (67%), Lares (64%), Jayuya (63%), Adjuntas (62%), Utuado (62%), Ciales (60%), Las Marias (56%) and Comerio (56%).¹⁹ Wireline facilities are difficult to install in such areas. Even where installation is possible, the costs of trenching in the rock-hardness of mountain regions is prohibitive. Thus, PRTC has relied on wireless facilities, where possible, to satisfy service requests to these areas.

C. Weather

Puerto Rico is frequently subject to severe hurricanes, that often cause extensive damage to Puerto Rico's existing telecommunications infrastructure. Most recently, for example, Puerto Rico experienced heavy rains and persistent flooding as result of Hurricane Lenny, a category 3 storm with winds ranging from 111 to 130 miles per hour.²⁰ As a result, 6,300 people in Puerto

(..continued)

¹⁷ Puerto Rico in Figures, 1997, Government Development Bank for Puerto Rico, Office of Analysis and Economic Studies, at 1 (1998); <http://welcome.topuertorico.org/reference/topo.html>.

¹⁸ The highest mountains in Puerto Rico are Cerro Punta, Rosa and Guilarte, with elevations of 4,339, 4,156 and 3,952 feet high, respectively. Other similarly high mountain ranges include Tres Picachos, Maravillas, Dona Juana, Toro and Yunque, with elevations of 3,880, 3,536, 3,524 and 3,494 feet high, respectively. <http://welcome.topuertorico.org/reference/topo.html>.

¹⁹ Percentage of Households That are not Subscribers, September 1999, Attachment 1.

²⁰ Andrew Dampf, AP Top News, AP Online (Nov. 17, 1999); World Briefs, Times-Picayune, at A16 (Nov. 17, 1999).

Rico were reportedly without telephones.²¹ In addition, Puerto Rico continues to recover from last year's Hurricane Georges, which killed more than 500 people throughout the Caribbean²² and resulted in extensive damage.²³ The Federal Emergency Management Agency has reported disbursements of more than \$6.9 billion to assist recovery efforts associated with Hurricane Georges in Puerto Rico.²⁴ Above ground wireline facilities are especially susceptible to Puerto Rico's unpredictable hurricane weather. PRTC estimates over \$80 million in total internal and external expenses caused by Hurricane Georges, and some repairs still remain to be made. In sum, Puerto Rico's weather conditions often seriously damage existing telecommunications infrastructure, increasing costs and further complicating the development of telecommunications infrastructure in unserved and underserved areas.

D. Poverty (Further Notice at ¶ 22)

Given the low subscribership rates in Puerto Rico, PRTC has had to avoid upward rate pressure that would drive customers off the network. This situation exists largely due to the low average income and high cost of living in Puerto Rico. For example, 55.3 percent of families in

²¹ Hurricane Lenny Smashes Into U.S. Virgin Islands, Miami Herald, at 1 (Nov. 18, 1999).

²² Id.

²³ See generally American Red Cross Urges Preparation for Potentially Active, Destructive Hurricane Season, U.S. Newswire (June 4, 1999).

²⁴ FEMA Spends \$6.9 Billion in Puerto Rico Storm Aid, Orlando Sentinel, at K8 (Sept. 5, 1999).

Puerto Rico live below the poverty level.²⁵ In comparison with the United States, Puerto Rico's economic development lags behind that of the poorest state on the mainland, Mississippi.²⁶

Data regarding average family income in Puerto Rico further illustrates the island's economic situation. For example, the average per capita income in Puerto Rico is approximately \$8,000 a year, half that of Mississippi, the poorest U.S. state.²⁷ The U.S. Census reports that the total average family income in Puerto Rico is \$14,866.²⁸ By comparison, the median household income in the United States is \$34,076.²⁹ Further, U.S. Census reports the following average family incomes for the appropriate municipios: Gurabo, \$13,891; Naguabo, \$11,581; Ciales, \$10,463; Barranquitas, \$10,174; Lares, \$10,066; Jayuya, \$10,027; Maunabo, \$9,955; Comerio, \$9,517; Guánica, \$9,372; Utuado, \$9,343; Orocovis, \$9,263; Las Marias, \$9,170; Vieques, \$8,930 and Adjuntas, \$8,654.³⁰ The above municipios report some of the lowest average family incomes in Puerto Rico. Furthermore, most of the above municipios are noted, as well, for their low population densities and penetration rates.³¹

²⁵ 1990 Census of Population, Social and Economic Characteristics, Puerto Rico, 1990 CP-2-53 (1990), Table 30 at 57 (reporting 1989 statistics).

²⁶ <http://welcome.topuertorico.org/economy.html>.

²⁷ James Anderson, Statehood Loses in Puerto Rican Vote on Century-old U.S. Ties, at 2 (Dec. 13, 1998); A Package of Caribbean News Briefs, Associated Press, at 2 (Mar. 6, 1999); Puerto Rico Deserves a Decision, Philadelphia Tribune, at 5a (Jan. 1, 1999).

²⁸ Data Sobre Ingreso Familiar Promedio por Municipio.

²⁹ U.S. Dep't Commerce, Bureau of the Census, Statistical Abstract of the United States 1990, The National Data Book, Table 722, at 468 (Oct. 1997).

³⁰ Data Sobre Ingreso Familiar Promedio por Municipio.

³¹ See discussion supra Part III.A.

In addition, the cost of living index for Puerto Rico is higher than the national average. In 1995, for example, the cost of living index for Puerto Rico was 133.8, compared to the national average of 100.³² An increase in rates for consumers at or near the poverty line could mean the difference between subscribing to telephone service or going without such service. Accordingly, PRTC faces multiple challenges of trying to provide universal service to an insular area characterized by high costs and populated with a plurality of low-income consumers.

IV. ALTERNATIVES TO WIRELINE FACILITIES (Further Notice at ¶ 14)

The Commission has inquired about the availability and cost of telecommunications services, including alternatives to traditional wireline facilities. Specifically, the Commission seeks comment on whether any carrier is providing service by means of Basic Exchange Telecommunications Radio Systems (“BETRS”).³³ PRTC has utilized BETRS to provide basic telephone service in Puerto Rico.

Over the past 25 years, PRTC has made tremendous strides toward increasing the overall service penetration rate in Puerto Rico, concentrating recent efforts on reaching unserved rural areas. However, the sparsely populated, mountainous and rugged terrain in certain areas of Puerto Rico make widespread installation of wireline facilities and infrastructure prohibitively expensive. Accordingly, PRTC has considered methods of providing service other than traditional wireline service, like BETRS, with mixed success.

³² Puerto Rico, EIU Country Profiles, Economist Intelligence Unit Ltd. (May 5, 1999). U.S. data provided by the Bureau of Labor Statistics.

³³ Further Notice at ¶ 14.

A. Alternative Technologies May Be Useful in Increasing Penetration Levels in Puerto Rico

The fundamental purpose of BETRS is to provide cost-effective, basic telephone service to rural areas, where the cost of bringing wire or cable to remote locations is prohibitive.³⁴ BETRS is uniquely designed to serve rural, mountainous, and sparsely populated areas that might not otherwise receive basic telephone service.³⁵ Such technologies may be suitable in some cases where the high cost of wireline installations has impeded service to underserved and unserved areas. In general, Puerto Rico is a high cost area to serve, but those costs are even higher in the mountainous regions. For example, the U.S. national average cost per local loop to install wireline service is \$243.00,³⁶ however, the average cost per local loop in Puerto Rico is \$446.78.³⁷ Puerto Rico's costs are the fourth highest, comparable to those reported by the Northern Mariana Islands, the Virgin Islands and Wyoming.³⁸

The cost per local loop to install wireline service for some areas in Puerto Rico ranges from \$5,000.00 to \$10,000.00, and in some cases, the cost may exceed \$15,000.00. PRTC estimates that providing the same services using wireless technology could reduce these costs to

³⁴ See Basic Exchange Telecommunications Radio Service, Report and Order, 3 FCC Rcd 214 (1988), on recon., 4 FCC Rcd 5017, 5017 (¶ 1 n.1) (1989); Revision of Part 22 and Part 90 of the Commission's Rules to Facilitate Future Development of Paging Systems; Implementation of Section 309(j) of the Communications Act -- Competitive Bidding, Second Report and Order and Further Notice of Proposed Rulemaking, 12 FCC Rcd 2732, 2752 (¶ 34) (1997).

³⁵ Amendment of the Commission's Rules to Permit Flexible Service Offerings in the Commercial Mobile Radio Services, Notice of Proposed Rulemaking, 11 FCC Rcd 2445, 2446 (¶ 5 n.11) (1996).

³⁶ Monitoring Report on Universal Service, CC Docket No. 98-202 (June 1999), Table 3.13 at 3-19 ("Unseparated NTS Revenue Requirement Per Loop by State").

³⁷ Id.

³⁸ Id.

less than \$2,600.00 per subscriber. Quality of service must be preserved, however, which can be difficult given the terrain to be covered. PRTC has found that even BETRS has technological limitations, because it can be difficult to find a clear wireless path over rugged terrain.

Therefore, improvements can be made.

B. Services Designed to Reach Unserved or Underserved Areas Should Not be Treated in the Same Manner as “Competitive Services”

Treating BETRS or any similar service in the same manner as competitive services increases costs, making such services a less feasible option for providing service to needy areas. Specifically, if spectrum for wireless services is only available through auction, then providers of less profitable services may be unable to acquire the necessary frequencies for providing service. For example, because BETRS is authorized on a shared basis with paging, the frequencies available to provide this rural service will be auctioned at the same time as paging services. PRTC does not believe that this licensing approach is suitable for wireless alternatives to basic wireline services that are designed to meet telecommunications needs very different from competitive services. The viability of alternatives to wireline service in rural areas will depend on cost. In the bidding context, however, providers of such services will be in a position of competing with providers of competitive services to obtain valuable spectrum over which the respective services are provided.

Services like BETRS clearly would serve the public interest by providing to individuals who have never experienced the health, social and economic benefits of basic telephone service access to the public switched telephone network. Yet, these are not the type of telecommunications needs that competitive services necessarily are designed to meet. Basic service alternative technologies and competitive services meet uniquely different needs. Accordingly, the Commission should consider setting aside spectrum designated solely for

technologies to serve challenging areas . By doing so, the Commission could help ensure that the need for such services can effectively be met, now and in the future. Most importantly, the Commission could more fully ensure that universal service would be available at “just, reasonable, and affordable rates”³⁹ to “[c]onsumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas.”⁴⁰

V. LIFELINE AND LINKUP PROGRAMS (Further Notice at ¶¶ 68-72, 119-121)

The Commission seeks comments on whether increased federal support to offset initial connection charges is necessary to increase the success of the universal service support mechanisms in underserved areas, including insular lands.⁴¹ Further, the Commission seeks comments on whether it “might provide additional support through the LinkUp America program—which provides federal support . . . at least for locations with significantly lower than average telecommunications penetration rates, e.g., below 75 percent.”⁴² The Lifeline and LinkUp assistance programs, which are designed to benefit low-income consumers through reduced charges and support for telecommunication connections, have assisted Puerto Rican households in acquiring and maintaining basic telephone service. Specifically, PRTC urges the Commission to consider further the public benefits of expanding the Lifeline and LinkUp assistance programs to spur subscribership levels in Puerto Rico. An expanded LinkUp program could be used to

³⁹ 47 U.S.C. § 254(b)(1).

⁴⁰ Id. § 254(b)(3).

⁴¹ Further Notice at ¶ 119.

⁴² Id. at ¶ 121.

reduce significantly the expense of providing line extensions to serve consumers in Puerto Rico's mountainous and sparsely populated areas. As discussed, the cost per local loop to install wireline service in some areas is prohibitively expensive, ranging from \$5,000.00 to \$15,000.00, and radio service through BETRS may be installed for less than \$2,600.00 per subscriber. Yet, customers who would be served through either method simply cannot afford the required installation charges.⁴³ LinkUp support for facilities-based charges, including line extension and hook-up costs, could encourage additional subscribership by making additional funds available for up-front costs.

Once service is installed, rates must be affordable for low income consumers to maintain service. In this regard, increased funding to the Lifeline program could further lower the rates for local service and help new subscribers stay on the network. Given the 74.2 percent island-wide penetration rate in Puerto Rico, maximizing support for the Lifeline and LinkUp programs is one of the best means available to secure and sustain increases in subscribership levels.

VI. INSULAR AREAS (Further Notice at ¶¶ 135-140)

The Commission recognized in the Further Notice that “insular areas may face unique problems that could limit their ability to participate in and benefit from all of the universal service programs.”⁴⁴ In addition, the Commission has expressed its concern “about the low subscribership levels in insular areas, including Puerto Rico, and the potential need to tailor

⁴³ In discussing possible expansion of the LinkUp program to include facilities-based charges, the Commission itself noted that initial connection charges “can be prohibitive.” Id. at ¶ 120 (citation omitted).

⁴⁴ Id. at ¶ 135.

universal service support for . . . telecommunications carriers in insular areas.⁴⁵ As a result, the Commission has proposed that “insular areas” be defined as “islands that are territories or commonwealths of the United States” for purposes of universal service support and seeks comments on such a proposal.⁴⁶

PRTC supports the Commission’s proposed definition of “insular areas,” which would include the island of Puerto Rico. Although the term “insular” is undefined by the Communications Act of 1934, as amended (the “Act”), Section 254 mandates that “[c]onsumers in rural, insular, and high cost areas should have access to telecom and information services at prices comparable to consumers in urban areas.”⁴⁷ The term “insular” includes the island of Puerto Rico because it means “of, or having the form of an island,” a definition noted by the Commission.⁴⁸ In addition, other statutory constructions of the term “insular,” such as those found in the Low-Income Home Energy Assistance Act, support the Commission’s proposed definition and explicitly include Puerto Rico.⁴⁹ Specifically, the Low-Income Home Energy Assistance Act sets forth allotments under the program that may be provided to insular areas, including the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands of the United States, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands. Additional statutory provisions specifically include Puerto Rico within the term “insular.”⁵⁰

⁴⁵ Id. (emphasis added).

⁴⁶ Id. at ¶ 137.

⁴⁷ 47 U.S.C. § 254.

⁴⁸ Further Notice at ¶137.

⁴⁹ See 42 U.S.C. § 8623.

⁵⁰ See 48 U.S.C. §§ 1469a-1, 1492 and 1494b.

These examples demonstrate that the Commission's proposal is consistent with the U.S. Code and that Puerto Rico is encompassed within the term "insular areas."

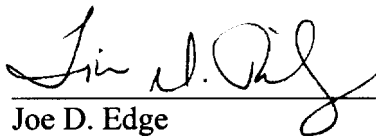
VII. CONCLUSION

Based on the foregoing reasons, PRTC respectfully requests that the Commission consider fully the unique insular characteristics of Puerto Rico in assessing the island's current levels of deployment and subscribership. Further, PRTC requests that the Commission give sufficient weight to these characteristics, which require the development of alternatives to wireline technology for providing basic services throughout Puerto Rico. Accordingly, PRTC requests that the Commission reserve spectrum designated exclusively for such services, which should not be made available along with "competitive services." In addition, PRTC recommends that the Commission seek to expand funding to the Lifeline and LinkUp assistance programs. Finally, PRTC supports the Commission's proposed definition of "insular areas," which includes Puerto Rico.

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ATTACHMENT 1

